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LB 932, 1148

you put them together and you basically move those loans someplace else and you get paid basically for creating the loans and then somebody else ultimately turns them into a "securitized" form and handles the load. We currently now, of course, license the companies doing business in Nebraska and the ultimate holders of those loans are either licensed in Nebraska or someplace else, and if they're doing business here of course they're under our Nebraska Mortgage Bankers Act. But when you do this the licensee usually puts them into an affiliate for one brief moment just before they do the "securitization" and the question is, should that affiliate be a licensee? Well, this says that the affiliate doesn't have to be a licensee and the reason is because all the loans are either regulated by our local licensee or they are in the subsequent financial institutional licensee or permittee, which either we regulate or somebody else regulates. So that makes clear that there is never a moment that one of these loans does not have access to Nebraska law, to our Nebraska Mortgage Bankers law or the operation and oversight of the Department of Banking, or ultimately with a regulator. And this was originally LB 1148 and it was reported out unanimously by the committee, so I would ask for the adoption of this amendment to LB 932. Thank you.

PRESIDENT MAURSTAD: Thank you, Senator Landis. Debate on AM2867? Senator Landis, you're recognized to close.

SENATOR LANDIS: Thank you. Just to say that the affiliate is largely almost a legal fiction, if you will, and this basically allows us to keep licenses for those who are licensed but not have to create a bunch of paperwork and costs for what is, in fact, sort of a fictional entity at no cost or loss of protection to consumers. Consumers will have all the rights they now have because at all times their loans will be regulated by the state of Nebraska, or by a regulated institution. Thank you.

PRESIDENT MAURSTAD: Thank you, Senator Landis. The question is the adoption of AM2867 to LB 932. Those in favor vote aye; those opposed vote nay. Voting on the Landis amendment. Mr. Clerk, please record.

CLERK: 27 ayes, 0 nays, Mr. President, on the adoption of